

# NASS

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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Wheat.** All wheat production is forecast at 2.52 billion bushels, slightly less than 1997's output. The yield is forecast at a record high 42.6 bushels per acre. The World Agricultural Outlook Board (WAOB) projected 1998/99 ending stocks of **all wheat** up 41 million bushels from June, as larger production more than offset reduced carryin stocks and expanding use. The projected price range is \$2.70 to \$3.10 per bushel.

♦**Corn.** The WAOB forecasts the U.S. corn crop at 9.625 billion bushels, down 15 million bushels from last month because of a reduction in area. Plantings for 1998 are estimated at 80.8 million acres, up 1% from last year, and harvested acreage is estimated at 74.3 million acres. The yield is unchanged from June, at 129.6 bushels per acre. The projected price range is \$1.95 to \$2.35 per bushel.

♦**Soybeans.** Soybean production for 1998 is forecast at 2.83 billion bushels by the WAOB, 30 million bushels above last month's forecast. Planted and harvested acreages, at 72.7 million acres and 71.7 million acres, respectively, are the largest on record. Despite some loss of yield potential for soybeans in the southern U.S., projected yield of 39.5 bushels per acre is unchanged from last month because of generally favorable conditions in other regions. Demand prospects for U.S. soybeans and soybean meal have slowed, with exports projected to drop in 1998/99. Soybean prices are projected at \$4.85 to \$5.85 per bushel, down from the \$6.45 last year. Soybean meal prices are up \$5 per short ton from last month, at \$143 to \$157 per ton.

♦**Cotton.** The WAOB's forecast of U.S. cotton production for 1998/99 is 15.0 million bales, down 5% from June. The reduction is due to continued adverse weather conditions in Texas and Georgia and a reduced area for harvest, at 11.2 million acres. Tighter U.S. supplies are expected to constrain mill use and exports to 11.0 million bales and 5.0 million bales, respectively. Ending stocks are projected at 3.0 million bales, about 19% of total use.

♦**All Oranges.** Production is forecast at a record large 13.9 million tons for the 1997-98 season. This is down 1% from June, but up 9% from last season's previous record large production of 12.7 million tons.

♦**Other Crops.** Planted acreage for **sorghum** is estimated at 8.93 million acres, down 12% from last year, and the area harvested for grain is estimated at 8.12 million acres, down 14% from 1997. **Oats** planted last fall and this spring totaled 4.99 million acres, down 3% from one year ago, and the harvested area for grain is 2.94 million acres, up 1% from 1997. **Barley** plantings are estimated at 6.45 million acres, down 7% from last year, and area for harvest as grain totals 6.08 million acres, down 5% from 1997. Rice planted and harvested acreage are both up 5% from last year, as producers planted 3.22 million acres and expect to harvest 3.19 million acres. Hay producers will harvest 59.8 million acres, 2% less than one year ago.

♦**Cattle.** July 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 9.16 million head, up 2% from a year earlier. Placements were up 8% from the previous year. Marketings of fed cattle were slightly below 1997. At mid-July, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged near \$60 per cwt, down \$4.00 from mid-June. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$68 per cwt at mid-July, down about \$5.00 from mid-June. The July 1 **all cattle and calves** inventory, at 107.0 million head, was 2% below last year and indicated a continued decline in the cattle cycle. Beef replacement heifers were down 6% from a year ago. The 1998 calf crop, at 37.9 million, was down 2% from 1997 and if realized, would be the smallest calf crop since 1951.

♦**Hogs.** The June 1 **hog inventory**, at 61.6 million head, was **6% above last year**. **Prices** at mid-July (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$34 per cwt, down about \$8 from mid-June. The March-May 1998 pig crop was up 5% above last year with the June-August farrowing intentions showing a 3% increase while the September-November farrowing intentions show a 4% increase. Continued increases in pork supplies during 1998 and 1999 point to continued downward pressure on prices.

◆**Other Livestock.** **June milk production** was up 1.1% from the previous year. Production per cow rose 1.2 % which more than offset the less than 1% decrease in cow numbers. The **June Basic Formula Price (BFP)** was \$13.10 per cwt, up \$2.22 from April. **Cheddar cheese prices** (U.S. 40-pound blocks, wholesale) increased 4.7 and 1.2 cents for the first and second weeks of July, respectively. This suggests that the July BFP will likely increase again. During May, total **cheese** production was 2.6% above the previous year; **butter** production was down 10.2%; and **nonfat dry milk** production was down 10.4%. The July 1 **all sheep and lamb** inventory decreased 5% from 1997. Breeding sheep inventory declined 3%, whereas, market sheep and lambs were down 7%. The number of **layers** in U.S. flocks on hand July 1 was 3% above a year earlier with table egg layers up 3%; broiler-type hatching up 3%; and egg-type hatching down 1%. U.S. **egg production** for the 3rd quarter of 1998 is expected to be up 4% from a year ago. During June, 1998, **egg production** was up 2% from the previous year. **Market egg production** was up 3 % while **hatching egg production** was down 1%. **Market egg prices** (Grade A large, New York) for the 3rd quarter of 1998 are expected to average 69-71 cents per dozen compared with 79.7 cents a year ago. For the week ending July 11, cumulative **broiler placements** during 1998 in the 15 selected States were 3.78 billion, up slightly from the same period a year earlier. The broiler price (12-city) for the 3rd quarter is expected to be 63-65 cents compared with 62 cents a year ago. Cumulative **turkey poult placements** for the 1998 marketing year are 5% less than the same period a year ago. Placements in June were 5% less than last June, reflecting low prices since last year and record supplies of all meat. Prices (8-16 lb hens, Eastern Region) for the 3rd quarter of 1998 are expected to be in the 62-64 cent range, compared with 68.2 cents for the 3rd quarter last year. **Supplies in refrigerated warehouses** at the end of June compared with a year earlier were: chicken down 18%; turkeys down 2%; pork up 6%; beef up 3%; cheese down 5%; and frozen orange juice up 16%.

◆**Trade.** July U.S. **trade projections** for pork, corn, and rice improved while 1998/99 export prospects for wheat, cotton, and soybeans declined, compared with last month. July projections for the volume of **exports** for the 1998/99 marketing year compared to 1997/98 are: **wheat** up 1%, **corn** up 8%, **rice** up 1%, **cotton** down 32%, **soybeans** down 1%, **soybean oil** up 2%, and **soybean meal** down 5%. June projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 3%, **pork** unchanged, **broilers** up 2%, and **turkeys** up 13%. The U.S. **trade deficit** for goods and services increased to a **record level** of \$15.7 billion, up from \$14.3 billion in April. The U.S. **agricultural trade surplus** was \$946 million in May, compared with \$922 million in April.

◆**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, rose a seasonally adjusted 0.1% in June and rose 1.7% over the last 12 months. The **PPI** decreased 0.1% in June; this followed an increase of 0.2% in both May and April. For the 12- month period ending in June, the PPI decreased 0.8%. The June **prime rate**, at 8.5%, has been unchanged since April 1997. Compared to a year earlier, **feed prices** in June were down 19%; **feeder livestock and poultry** prices down 7%; **fertilizer** down 5%; **ag chemicals** up 0.8%; **farm machinery** up 3%; **seeds** up 3%; and **fuels** down 4%.

◆**World Weather and Crop Developments** (July 12-18). In **Europe**, winter grain and oilseed harvesting made some progress in the west and south, although showers caused some disruption in The United Kingdom, northern France, and Italy's Po Valley. In **Russia**, hot , mostly dry weather dominated the Volga Valley, spreading westward into eastern sections of the Central Black Soils Region and Ukraine. While benefiting winter grain harvests, the warmth and dryness placed additional stress on immature summer crops. In **South Asia**, widespread, locally heavy rains spanned the northern half of the region as the monsoon continued its northward trek. The abundant rain across **India's** northern rice and cotton areas continued to increase moisture reserves for early crop development. Shower activity over northern **Pakistan**, the northwestern most extent of the monsoon circulation, also boosted moisture reserves for rice and cotton. Light to moderate rain swept through winter grain areas of **Western and South Australia**. The moisture in South Australia helped counter the effects of a drying trend. Farther east, moderate to heavy rain covered crop areas of northern New South Wales. Seasonably cool weather kept winter grains in a semi-dormant state. In central **Argentina**, light to moderate late-week rain increased topsoil moisture for germinating winter wheat. Dry weather earlier in the week favored wheat planting. Light to moderate rain slowed cotton harvesting in northern Argentina. U.S. weather conditions in the Midwest were mostly favorable for reproductive corn and soybeans, as high temperatures ranged from the 80's to near 90 degrees F and soil moisture remained adequate. Late in the week, however, heat spread toward the southern and western Corn Belt. The core of extreme heat shifted into the Southwest during the week, setting several all-time-record high temperatures. From the Plains westward, weekly temperatures in most areas ranged from 2 to 7 degrees F above normal. In contrast, cooler (near-normal), wetter conditions overspread the Southeast, including Florida and the Delta, easing crop stress.

◆**Other News.** **World rice trade** in 1998 is projected to be a record 23.4 million tons, up 24% from last year and more than 11% higher than the previous record in 1995. The Asian financial crisis is likely to have only a small effect on U.S. **wheat exports** in 1998/99. Only a small portion of the U.S. wheat export market is at stake in the countries most affected by the financial problem in Asia. Back-to-back **record wheat yields** in the U.S., along with an expected record world yield in 1998/99, are largely responsible for driving down wheat prices. U.S. per capita **melon** (honey dew, cantaloupe, watermelon) consumption has nearly doubled since 1980. In just the last few years, adoption of **genetically modified crop varieties** has increased dramatically for corn, soybeans, and cotton. These new varieties hold the promise of increasing yields and reducing costs. This year, more than 20 million acres of **soybeans**, about 30% of the acreage, will be immune to glyphosate, the active ingredient in the herbicide Roundup. Industry sources indicate Bt **corn**, designed to resist damage from the European corn borer, could be planted on 15-18 million acres in 1998, about 20% of U.S. corn average. Genetically modified **cotton** is expanding rapidly, although experiences by farmers have been mixed.

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